Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: AG-RR-47 (Gas)

(a) With reference to DTE-RR-25, how are these costs included in the CGA calculations?
(b) How are these costs allocated, since these costs are on a total company basis and the CGA allocation process described in AG-RR-19 (Gas) are allocated on the basis of Dekatherm by type of gas.

Response:

(a) DTE-RR-25 describes the costs included in the LPLNG, DAFP, and PRO. The LPLNG, DAFP, and PRO rate component calculations, using these costs, are provided for on Schedule KMA-5 (Gas). As described in FG&E's Cost of Gas Adjustment Tariff, Schedule KMA-1 (Gas), these components are added, along with the gas adjustment factor ("GAF"), supplier refunds ("R1d, R2d"), bad debt ("BD"), and inventory finance charge ("IFC"), to make the total peak CGAC.

(b) The allocation process begins with the class cost of service study performed by Mr. Harrison, Schedule JLH-5 (Gas). Costs are allocated on the basis of the MBA method's remaining demand, as shown on Schedule JLH-4 (Gas). The allocation of these costs are summarized on Schedule JLH-7 (Gas), page 1. Schedule KMA-5 (Gas) totals the LPLNG by high and low load factor classes, the DAFP, and the PRO costs and then calculates recovery rates on a per therm basis. The LPLNG factor employs winter sales volumes while the remaining factors are allocated on the basis of annual therms. For the purposes of the CGA, one LPLNG factor is calculated for each class (high load factor and low load factor), while a single factor is calculated for all classes for both the DAFP and PRO.

Costs associated with the DAFP and PRO are not applied to firm customers choosing firm transportation service. However, as part of its capacity assignment procedure, a portion of the LPLNG costs are allocated to FG&E firm transportation customers via a charge to firm transport suppliers. This calculation, called the peaking demand charge, is equal to the total capacity costs and other fixed costs associated with FG&E's peaking resources, excluding such costs that are collected through distribution rates, divided by the estimated peaking resources needed to meet FG&E's total system Peak-Day requirement. This calculation is included in each of FG&E's peak Form II Cost of Gas Adjustment Charge filings and is described in FG&E's Gas Division tariff, M.D.T.E. 109, section 16.3.1. As described in AG-RR-19 (Gas), the customer's design day demand is computed and allocated to pipeline, storage, and peaking. The maximum daily quantity for peaking is then multiplied by the peaking demand charge.

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